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Food Distribution Administration
Washington, D. C.

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March 8, 1943

ADMINISTRATIVE SERVICES DIVISION MEMORANDUM NO. 7
Supplement 1

TO: Branch and Division Chiefs and Regional Administrators

FROM: F. J. Hughes, Chief, Administrative Services Division

SUBJECT: Procedure for Procurement of Supplies

SECTION I - GENERAL

A. The purpose of this Supplement is to provide procedure, as well as general information, for the issuance of purchase orders in the Regional Administrative Services Divisions. The Division of Purchase, Sales, and Traffic of the Department is now in the course of preparing manuals on contract, purchase and transportation procedure and no effort will therefore be made to give a complete coverage of purchasing procedure in this Supplement. As the manuals are made available, copies will be furnished to the Regional Administrative Services Divisions.

B. In addition to the authority vested in the Regional Administrative Services Divisions by SECTION IV of Administrative Services Division Memorandum No. 7 to issue orders and consummate purchases of office supplies and stationery, bus, subway and street car tokens, postage stamps and rubber stamps, they may also issue purchase orders to cover such miscellaneous items as crating, local drayage, and repairing of equipment and machines, and other similar services.

C. This Supplement or the previous Memorandum shall not be construed as delegating authority to the Regional Administrative Services Divisions to issue orders for and consummate the purchase of furniture, office and laboratory equipment, and machines.

D. The authority delegated to the Chiefs of the Regional Administrative Services Divisions shall be exercised with prudence and for the best interests of the Government, especially with respect to open market purchases of supplies and stationery. Whenever such items are available from contract sources at a substantially lower cost, they should not be procured in the open market unless time of delivery is an essential factor.

E. Copies of the various classes and supplements thereto of the General Schedule of Supplies, stock catalogs, price lists, etc., will be furnished to the Regional Administrative Services Divisions as they are made available.

F. The application of preference ratings will be covered in a later Supplement to Administrative Services Division Memorandum No. 7. It is necessary to secure estimates from the Regional Administrative Services Divisions as to the needs of their respective regions for supplies requiring the assignment of preference ratings and to submit appropriate applications therefor to the War Production Board. Action is now being taken to secure such estimates for the next quarter. In the meantime, requisitions for supplies requiring the assignment of preference ratings should be forwarded to the Procurement Section, Administrative Services Division, Washington, D. C., for issuance of the necessary purchase orders.

SECTION II - PURCHASE ORDER FORM

A. An effort is being made at present by a special committee of Government officials to devise and have placed in use a standard purchase order form by all Government departments and agencies. When such a form is promulgated for use, the Federal departments and agencies will be allowed a reasonable period in which to exhaust any existing stocks. A purchase order form for the specific use of the Regional Administrative Services Divisions only will therefore not be made available at this time.

B. The purchase order blank, Form SMA-1027, will be used. This form, which consists of nine copies of varying colors, is interleaved with one-time carbon and works on the snap-out principle. At the time the form was designed it was being issued exclusively from Washington. The copies are therefore not in every instance appropriate for use in the Regional Administrative Services Divisions, but it is believed that they can be used without unnecessary inconvenience by minor changes which can be made readily. The various copies of the form and their intended use are as follows:

FORM NO.	COLOR	DESIGNATION OR INTENDED USE
SMA-1027	White	Original - Vendor's Copy
SMA-1027A	Cherry	Regional Fiscal Division Copy
SMA-1027B	Yellow	Purchasing Officer's Copy
SMA-1027C	Brown	Property Records Copy
SMA-1027D	Gray	Procurement Division Copy
SMA-1027E	Canary	ASD Procurement Section Copy
SMA-1027F	Green	Receipted Copy for Purchasing Officer
SMA-1027G	Salmon	Receipted Copy for Regional Fiscal Division
SMA-1027H	Blue	Requisitioner's Copy

1. Form SMA-1027 (white) will be forwarded to the vendor, together with copies of Standard Form No. 1034-Revised, Public Voucher for Purchases and Services Other Than Personal, Government bill of lading (if required), and any samples.

2. Form SMA-1027A (cherry) will be forwarded to the Regional Fiscal Division for use of the bookkeeping unit.

3. Form SMA-1027B (yellow) will be retained at all times in the files of the Purchasing Officer.

4. Form SMA-1027C (brown) is intended for the Property Records Clerk in recording nonexpendable property. There should be little, if any, use for this copy.

5. Form SMA-1027D (gray) will be kept in a separate file and forwarded at the end of the month to the Procurement Section, Administrative Services Division, Washington, D. C. The Procurement Section will consolidate the copies received from all Regional Administrative Services Divisions and forward them immediately to the Procurement Division, Treasury Department, as required by their regulations.

6. Form SMA-1027E (canary) will also be kept in a separate file and, until further instructions, forwarded at the end of the week to the Procurement Section, Administrative Services Division, Washington, D. C. This will afford the Procurement Section an opportunity to review the purchases being consummated in the field and to offer suggestions, whenever desirable, for improved procedure, simplification and standardization of purchasing operations.

7. Forms SMA-1027F (green), SMA-1027G (salmon), and SMA-1027H (blue) will be forwarded to the consignee or requisitioning office. Upon delivery of the material or rendering of the service covered by the purchase order, the consignee will receipt and return the Green and Salmon copies to the Regional Administrative Services Division. The Salmon copy will then be transmitted to the Regional Fiscal Division for use in auditing and certifying the voucher of the vendor for payment. The Blue copy will be retained by the consignee for his files.

SECTION III - ENCUMBRANCE

A. In many instances, the funds for conducting the field activities in the various regions are available in the respective Regional Fiscal Divisions, and in the near future it is expected that all funds for field expenditures will be handled through the Regional Fiscal Divisions.

B. Each requisition should be checked as to correctness of contract item number (if any), description of articles, unit prices and amounts, and the number of the purchase order to be issued indicated in the upper right-hand corner. The requisition with the purchase order form attached should then be referred to the Regional Fiscal Division for indicating encumbrance of funds on the original copy of the requisition and on Form SMA-1027A of the purchase order blank. The original copy of the requisition should be made a part of the purchase order document and retained at all times in the files of the Purchasing Officer, as evidence of the encumbrance of necessary funds by the Regional Fiscal Division.

SECTION IV - PREPARATION OF PURCHASE ORDER

A. Since the purchase order form consists of so many copies, it is suggested that a typewriter with Pica type and a hard platen be used for typing the orders. Also, due to the peculiar construction of the form and the difficulty in making erasures and corrections, a typist who is reasonably accurate should be assigned to type the orders so that they will be legible and neat appearing.

B. The various parts or blocks of the purchase order form and their purposes are outlined below. Samples to illustrate the various points are attached.

1. Heading. The heading of the form will remain the same except that "Surplus Marketing Administration, Washington, D.C.," will be blocked out, and "Food Distribution Administration" and the address of the issuing office inserted immediately below, thus:

UNITED STATES DEPARTMENT OF AGRICULTURE
~~Surplus Marketing Administration~~
~~Washington, D.C.~~
Food Distribution Administration
5 South Wabash Avenue
Chicago, Illinois

2. P. O. No. Each purchase order will be assigned a number which will be prefixed with the first letter of the name of the region, except in the case of the Southwest Region where the letters "SW" will be used, and suffixed by the last two figures of the fiscal year in which the order is issued. The purchase orders issued by the Northeast Region would be numbered, for example, N-1-43, N-2-43, N-3-43, etc.

3. Date. Should preferably be the date on which order is mailed or released rather than the date of preparation.

4. Appropriation. The appropriation symbol and the branch or division name must be indicated.

5. To. The complete name and address of the vendor or contractor should be given in this block. It is particularly important that the name and address be accurate if unnecessary delays are to be avoided, and especially so when the items being procured are covered by contract, since the Regional Fiscal Divisions are permitted to certify vouchers for payment only when the payee's name coincides with the contractor's name as shown on the purchase order. If window envelopes are used for mailing the purchase orders, the name and address should be appropriately placed in the block for this purpose.

6. Please deliver the following to. The complete name and address of the consignee should be shown in this block. Whenever possible, the name and address only of the office rather than the name of an officer or employee should be shown, for example:

Grain Products Branch
Food Distribution Administration
1108 Post Office Building
Chicago, Illinois

It is suggested that where possible and practical only one consignee should be indicated on each purchase order. However, where a savings might be effected by consolidation of several shipments on a single

order, necessitating more than one consignee, a reference of "See below" or "See attached list" may be made in this block.

7. Articles or Services. A complete description of the articles or services desired should be furnished. The utmost care should be exercised to see that the description is accurate and given in the order of its relative importance. To illustrate, if index cards are being ordered, the description should not be given as -

Index cards, medium weight, 3x5, white

but as

Cards, index, 3x5, medium weight, white

This may be more clearly understood by asking the question as to what is the one word that expresses the main thing it is desired to purchase and following through in order, such as — machine. What kind of a machine? Computing. What kind of a computing machine? Monroe. What kind of a Monroe computing machine? Model LA-200. The machine would therefore be described in order of relative importance as -

Machine, computing, Monroe, Model LA-200

These illustrations are exemplified in the description of equipment and supplies in the General Schedule of Supplies, Procurement Division Stock List, Central Supply Division Stock Catalog, and even in the general AMA Stock Catalog. References to method of purchase should likewise be incorporated in this block, such as open market, quotations received, item number, or contract number. The copies of purchase orders issued from Washington may be reviewed for style and method of indicating this information.

8. Quantity, Unit, and Unit Price. The quantity should be expressed in the number of units desired. If the unit is a "dozen" and 12 dozen are desired, the figure "12" should be indicated in the "Quantity" column and the word "dozen" shown in the "Unit" column. The unit price should be the price for a full, single unit as expressed in the "Unit" column. The unit and unit price listed in the General Schedule of Supplies, Procurement Division Stock List, and commercial price lists or catalogs referred to in the General Schedule of Supplies must be used. In most cases, the contractors will not furnish a lesser quantity than a full unit or the quantity of issue indicated in the schedule or catalog. The unit for cheesecloth generally is "yard" but the minimum quantity of issue may be one "50-yard bolt."

9. Amount. Under the "Amount" column there should be indicated the extended price of the individual items ordered. This shall be the figure resulting from the number of units times the unit price indicated. If two or more items are covered by the same order, the extended prices should be totalled.

10. To be shipped via. Reference to the method of shipment or Government

bill of lading, if furnished, should be shown thereunder. When the transportation charges are to be paid by the contractor, the word "Prepaid" should be inserted. If delivery is at the point of origin, there should be shown "Parcel Post, and add cost as a separate item on voucher," "Express - Government Bill of Lading A-_____," or "Freight - Government Bill of Lading A-_____."

11. F.O.B. The f.o.b. point is the place from which the transportation charges are payable by the Government or the point to which delivery is required to be prepaid by the contractor or vendor, as provided in the contract or the open market agreement. Caution should be exercised in indicating the f.o.b. shipping or delivery point. Some contracts - both mandatory and nonmandatory - under the General Schedule of Supplies provide for delivery f.o.b. destination, which must be distinguished from those calling for delivery f.o.b. a city or zone. F.o.b. destination provides for delivery to the actual point specified in the purchase order, whereas f.o.b. a zone, or city, generally provides for delivery to the terminal of the common carrier rather than to the actual destination. It will also be observed that many contracts of the General Schedule of Supplies provide for a f.o.b. point which is different from the delivery point indicated under the contract. For example, an item of supply covered by contract might be listed as f.o.b. Washington, D.C., whereas for field deliveries the contract will provide that the shipping point will be other than Washington, D. C. Accordingly, the f.o.b. point indicated would be that provided in the contract and the shipment would actually originate at the shipping point indicated, and the transportation expense handled in accordance with the instructions contained in Paragraph 6 of Appendix B to the Index of Awards, of the General Schedule of Supplies. If, as provided in Paragraph 6 of the special conditions, the Government is entitled to any transportation allowance, such notations shall be made on the purchase order. (See Paragraph B-2-a of SECTION VI).

12. Delivery. The time of delivery, as specified in the contract or as quoted by the vendor in the case of open market transactions, should be shown.

13. Terms. The discount terms listed in the contract or offered by the vendor in open market purchases should always be clearly indicated. In many instances, contractors and vendors fail to indicate on their vouchers that a discount is offered; the information must therefore be incorporated on the purchase order to assure the taking of proper discount deductions. If no discount is allowed, the word "Net" should be shown.

14. The block in the lower left-hand corner should provide instructions to the contractor relative to the mailing of his voucher or certified invoice. Due to the limited space which will permit only three lines, the words "Surplus Marketing Administration" should be blocked out and the address shown as in the heading of the order.

15. The block in the lower right-hand corner providing for the signature and title of the issuing officer is self-explanatory. All orders will be signed by, and over the title of, Chief, or Acting Chief, Regional Administrative Services Division.

SECTION V - AMENDMENTS, CORRECTIONS, OR CANCELLATIONS OF PURCHASE ORDERS

A. Changes involving amendments, corrections or cancellations of previously issued purchase orders shall be handled by the issuance of a sub-order, bearing the identical number of the original order, with Sub. 1, 2, 3, etc., as a suffix. In the preparation of a sub-order the phraseology should be such that any person receiving a copy of such sub-order could intelligently interpret that transaction in connection with the original order without the necessity of referring to other files or correspondence. For example, if there is any increase or decrease in quantity authorized under the sub-order, it should be indicated as follows: "Please refer to Purchase Order No._____, dated _____, which is amended to read as follows: (A complete recitation, when practicable, of the correct order should then be given)." When the original order is too lengthy to allow for this practice and/or the complete recitation of the corrected order would serve no useful purpose, and the sub-order is merely to cover a condition or clause to be added or a correction of the destination, unit price or total amount, it may be expressed thus: "Please refer to Purchase Order No. _____, dated _____, which is amended to (change unit price and total amount of Item 3, as follows) (change address of consignee as indicated above) (include the following):" All sub-orders issued to cancel the original order may read "Please refer to Purchase Order No._____, dated _____, and cancel the (or entire) order." All supplemental orders shall have indicated thereon when there is an increase or a decrease in cost, a note to that effect. Such a notation should be so placed that it will come to the immediate attention of the Regional Fiscal Division. This notation may read as follows: "Net increase, $_____," or "Net decrease, $_____." The latter notation will also be made on all supplemental orders involving a cancellation of the original order.

B. Changes, either increases or decreases, in the amount of money obligated should be handled through the Regional Fiscal Division in the same manner as the encumbrance of funds under the original committing document.

C. In instances where it is necessary for the contractor to manufacture the material (such as envelopes, specially constructed cartons, etc.) as distinguished from regular stock, it is a common practice among the trade to allow for a small over or under run. An understanding has been reached with the Fiscal Division whereby they will certify for payment such vouchers when covered by a purchase order, even though the amount billed by the vendor is slightly in excess of, or less than, the amount authorized, if such deviation in quantity is indicated by the consignee on the receipted copy of the purchase order. In this understanding a limitation for the allowable excess was determined to be 10% of the original order or $1.00, whichever is greater. However, it will be necessary that a sub-order be prepared to cover any amount greater than the limitation.

SECTION VI - SOURCES OF SUPPLY

A. Upon receipt of a requisition requiring the issuance of a purchase order, the Regional Administrative Services Division will be responsible for first reviewing and determining from its knowledge of the functions of the ordering office whether or not there is a need for the supplies or

services requested and the quantities are not excessive, checking the availability of funds for the specific purchase, adequate description, delivery point, and other pertinent information. With this information available the major step then is to determine the source from which the article or service should be procured. Many items are available through existing contracts or Government supply sources, such as the General Schedule of Supplies, Procurement Division Stock, Central Supply Division of the Department, Government Printing Office, Federal Prison Industries, Inc., Departmental or other Federal contracts, etc. Where the article or service is not available from existing contract or Government supply sources, it is the responsibility of the purchasing officer to determine the appropriate and most economical source from which to buy. Likewise, it is his responsibility to determine whether an article may be purchased from other than contract or established supply sources when the circumstances are such that an open market purchase would be justified. The various sources of supply will be covered in more detail in succeeding paragraphs.

B. General Schedule of Supplies. The General Schedule of Supplies issued by the Procurement Division, Treasury Department, contains information as to supplies, equipment, and services available for purchase by the Federal Government under term contracts negotiated by the Procurement Division. These contracts cover items which, from past experience, it has been determined are procured repeatedly, and additions or deletions of items to the General Schedule of Supplies are made after the Procurement Division develops sufficient information from the data compiled from the copies of purchase orders which all Federal agencies are required to submit to the Procurement Division on a monthly basis. Contracts under the General Schedule of Supplies are made for specific periods of time, which vary, depending upon the class. When contracts expire and new schedules have not been received in the regional offices and it becomes necessary to purchase materials normally covered by that class, inquiry should be made of the Procurement Section, Administrative Services Division, Washington, D. C., to determine whether or not new contracts have been executed. The Procurement Division issues circulars which will be distributed by the Procurement Section, Administrative Services Division, in the same manner as are copies of the General Schedule of Supplies. These circulars contain information concerning price changes, printing errors, and changes in contract terms. It is quite important that immediately upon receipt of such circulars the Schedule should be corrected accordingly and the circulars filed for ready reference. Orders should be placed with contractors under the General Schedule of Supplies only at the address shown in the Schedule, unless instructions are given therein for placing orders with agents or other points of distribution. Contracts under the General Schedule of Supplies may be placed in three categories, namely, mandatory, nonmandatory, and permissive.

1. Mandatory. Mandatory contracts are those which every executive department or independent establishment of the Federal Government must use, or those which certain departments and establishments or subdivisions thereof must use when specifically named in the Schedule. Only certain contracts are mandatory for nation-wide use, whereas all contracts are mandatory for deliveries in Washington, D.C. Contracts which are mandatory upon the Government are likewise mandatory upon the

contractor. If a contract is mandatory a purchase from other sources may not be made unless clearance is obtained from the Procurement Division. To determine whether a given contract is of a mandatory nature, reference should be made to the statement on Page 2 of the appropriate class to the General Schedule of Supplies, which begins "For use by, etc."

2. Nonmandatory. Contracts of this character are usually referred to as nonmandatory when they are not binding on all Federal agencies for field deliveries. When the Department of Agriculture and/or bureau are not specifically named under the use clause of the applicable class to the Schedule, the Regional Administrative Services Divisions are not obligated to procure supplies under such contracts. Likewise, it is not mandatory upon the contractors in such instances to accept orders for field deliveries except as stated in sub-paragraph a.

   a. Paragraph 6 of the General Conditions appearing in the Index to Awards to the General Schedule of Supplies provides that when a contract is not mandatory on a department or establishment for field deliveries, it may be used for deliveries outside of the District of Columbia if the contractor is willing to accept the order. On shipments weighing less than 100 pounds where transportation charges are not greater than to Washington, D.C., the contractor shall pay the transportation charges. On all other shipments, the contractor shall deduct from his invoice or voucher the transportation charges from his shipping point to Washington, D.C. If the shipment will weigh less than 20 pounds, the contractor should be instructed to forward by parcel post and add excess cost (if distance is greater than from his shipping point to Washington, D.C.) to his invoice or voucher; and if shipment is to be made by express or freight, the contractor should be furnished with a Government bill of lading. In instances where shipment is to be made on a Government bill of lading, the purchase order should carry a notation that full transportation charges to Washington, D.C. are to be allowed. The most economical method available to the contractor for shipment will be used in determining any credits to be allowed or extra charges payable to the contractor. Should the contractor fail to return an order so placed within ten days from the date it is received by him, it then becomes mandatory upon him to furnish the materials in the same manner as would a purchase made under a mandatory contract. Although it is not necessary to place orders against nonmandatory contracts when delivery is to be made to a field point, careful consideration should be given to such a purchase by comparing the contract price, transportation cost and delivery time with the cost and deliveries available through open market purchases.

   b. There may be instances where supplies, services, etc., covered by the General Schedule of Supplies would not meet requirements. In such a case, if the contract item is not mandatory no objection is raised to the purchase of material from such other sources as can furnish the required item. However, if the contract is mandatory with respect to field deliveries, there is no authority to disregard the contract item; the only alternative

being the securing of a clearance from the Procurement Division, Treasury Department, Washington, D.C., to buy without regard to the existing contract. Requests for clearance must show in detail why it is necessary to have the particular item and also why the contract item will not meet requirements. The requests should be prepared on a draft basis, and routed to the Procurement Section, Administrative Services Division, Washington, D.C. That Section will review such requests and prepare in final form for the signature of the Chief of the Division of Purchase, Sales, and Traffic. If the Procurement Division grants clearance and the purchase is made, the clearance must be attached to the Regional Fiscal Division copy of the purchase order and ultimately transmitted to the General Accounting Office with the voucher.

3. Permissive Contracts. Contracts of this type are identified by a statement appearing on Page 2 of the applicable class to the Schedule, which reads: "For use by the Procurement Division of the Treasury Department, and by such other government activities as may desire to procure under this schedule." Under such contracts it is mandatory upon the contractor to fill orders received from any Federal agency. It is possible, however, that contracts or open market purchases may be made when more advantageous and convenient to the ordering agency, without the necessity of obtaining clearance from the Procurement Division of the Treasury Department.

The General Conditions applicable to contracts in the General Schedule of Supplies are contained in the Index of Awards. Each employee responsible for checking, preparing, and executing orders should study these conditions very thoroughly, since they provide the basic regulations as to shipping expenses and allowances therefor for all contracts of the General Schedule of Supplies.

C. Procurement Division Stock. The Branch of Supply, Procurement Division, maintains primarily for the use of Federal agencies in Washington, D.C., a stock of common office supplies as listed in the General Schedule of Stock Items. Although this stock is maintained largely for Washington activities, the supplies are also available for field deliveries.

1. The Branch of Supply is financed from an allotment known as a supply fund, and upon furnishing supplies to requisitioning agencies, it forwards to the consignee invoices in duplicate, listing the items and prices of supplies furnished. These invoices must be receipted upon delivery of the supplies and returned promptly to the Branch of Supply, Procurement Division, Treasury Department, Washington, D.C. Reimbursement is secured by the Branch of Supply through submission of a Transfer and Counter Warrant which, of necessity, must be handled through the Fiscal Division in Washington, with all billings on a bureau level instead of a regional level.

2. Orders on the Branch of Supply will be prepared and issued by the Procurement Section, Administrative Services Division, in Washington, D.C., since special forms must be used and, in most cases, will require the application of preference ratings and other specific information. Requisitions for supplies to be obtained from the Branch

of Supply should be submitted in an original and three copies on Form AD-14A, with indication of encumbrance.

D. Central Supply Division. Supplies and stationery carried in stock by the Central Supply Division of the Department should be ordered in accordance with the procedure outlined in Administrative Services Division Memorandum No. 7.

E. Federal Prison Industries, Inc. Items available from the Federal Prison Industries, Inc., are listed in the Schedule of Products made in Federal penal and correctional institutions. The Federal departments and independent establishments may not purchase from commercial sources such items as are available and listed in the Schedule unless advance clearance has been obtained from the Federal Prison Industries, Inc. Purchasing officers should proceed with caution in the purchase of such items, as a plea of an emergency requiring purchase in the open market will not be accepted and payment allowed by the General Accounting Office. This does not preclude the purchase of similar items under the General Schedule of Supplies or from the Procurement Division or the Central Supply Division stocks, inasmuch as it is to be presumed that clearance has been obtained by such agencies.

F. Post Office Department Contracts. The Postmaster General exclusively is vested with authority to execute contracts for blank and printed envelopes for use by the Federal agencies; therefore, it is mandatory that all envelopes purchased from commercial sources be procured under contracts negotiated by the Post Office Department. Envelopes purchased directly by the Regional Administrative Services Divisions should be limited to those listed in the general AMA Stock List. Such purchases are consummated in the same manner as any other type purchase made from a contract, except a sample indicating the size, printing, and position of window, if any, must accompany the order. It is advisable that a duplicate of the sample submitted with the order be retained in the purchase order jacket as a precautionary measure in case of any controversy regarding misprinting, etc. Envelopes of a special character covered by existing contracts with printing which has not had previous approval may be secured by submission of a requisition, in an original and three copies on Form AD-14A, to the Procurement Section, Administrative Services Division, Washington, D.C. Two sample envelopes of the printing desired, size, and type should accompany the requisition, together with a statement of justification for the special type envelope. When a need arises for a special envelope which is not covered by existing contracts, the contract therefor must be negotiated by the Post Office Department. Requests for such envelopes should be handled in the same manner as outlined for specially printed envelopes, and should describe adequately the special envelope desired and be accompanied with at least 20 samples if possible, or 20 sketches of the type of envelope needed. The request must also be accompanied with a statement as to the intended purpose for which the envelopes are needed and why none of the standard envelopes covered by contract will meet the requirements. The Procurement Section will arrange through the Division of Purchase, Sales, and Traffic with the Post Office Department to negotiate a special contract, which will be forwarded to the

appropriate Regional Administrative Services Division for issuing the necessary purchase order.

G. Public Printer. The Public Printer, Government Printing Office, is authorized by law to furnish, upon request, blank paper and blank envelopes for common use by two or more Federal departments and/or establishments. The Public Printer is also authorized to stock and make available certain miscellaneous stationery supplies. It is mandatory that such stock items for use in the District of Columbia be obtained from the Public Printer. The procurement of such items for field use is optional. The various items of blank paper available are listed in The Blank Paper and Envelopes Stock Catalog and Price List. Miscellaneous stationery supply items available are those listed in The Catalog and Price List, Miscellaneous Supplies, U. S. Government Printing Office. Items carried and to be procured from the Government Printing Office may be secured by submitting a requisition on Form AD-14A, in quadruplicate, to the Procurement Section, Administrative Services Division, Washington, D. C.

H. Open Market. The term "Open Market," as commonly applied to purchases, means those purchases made from sources not covered by Government contracts.

1. Limitation. Section 3709 of the Revised Statutes provides that except as otherwise provided by law, all purchases and the contracts for supplies or services other than personal shall be made by advertising a sufficient time previously for proposals respecting the same when the exigencies do not require the immediate delivery of the articles or performance of services. In the Department of Agriculture, this limitation is generally fixed at $50.00, which amount applies to all appropriations available to this Administration for administrative expenses. Advertising is not required where the aggregate amount is not in excess of that specified by law or where it could not, from the nature of the article or service, result in competition or where it would be plainly ineffective to reduce expenses even though the expenditure exceeds the open market limitation. An anticipated need may not be split and individual purchases of less than $50.00 made at intervals in order to avoid the formal solicitation of bids and the completion of a contract.

2. Price Inquiries. By reference to Paragraph 3331 of the Department Regulations, it will be noted that the authority to purchase in the open market should not be construed to dispense with reasonable pric inquiry among possible competitors. This has been interpreted by the bureau purchasing officers of the Department as being a requirement and not as a recommendation. Accordingly, as a matter of good business policy and in an effort to effect economies, inquiries from no less than three concerns should be made whenever feasible. Price inquiries may be made by oral solicitation (either by personal contact or by telephone), letter, standard quotation form or, in case of emergency, by telegraph. Confirmation should be obtained of informal price quotations. The extent of inquiry should be governed by each individual case, but in any event inquiry should be

made of all known reasonable sources within practical shipping distance. A copy of the quotation form used by the Procurement Section is attached hereto, and may be followed in the preparation of an appropriate form for use in the Regional Administrative Services Divisions.

SECTION VII - TAX EXEMPTION CERTIFICATES

A. U. S. Tax Exemption Certificate should be issued to the contractor at the time the purchase order is released when a class to the General Schedule of Supplies provides "prices herein are exclusive of the Federal Excise Tax." The Department has adopted a policy of issuing a blanket certificate to cover certain contracts or items covered by contracts, and in such cases it will not be necessary to issue an individual certificate with the purchase order, it being necessary only to make an appropriate reference on the order to the blanket certificate previously furnished. As lists of the issuance of such blanket certificates are made available, they will be furnished by the Procurement Section, Administrative Services Division, Washington, D. C.

SECTION VIII - PURCHASES UNDER EXIGENCY STATEMENT

A. The types of purchases generally made under an exigency statement may be grouped in two classes.

1. Items of a proprietary nature which are available only from a single source of supply and where it is the only item that will serve the purpose, etc.

2. Items which are required for immediate delivery to meet a public exigency. An "exigency" is a sudden or unexpected happening; an unforeseen occurrence or condition; a perplexing contingency or complication of circumstances; a sudden or unexpected occasion for action. An exigency may not be created by administrative officials through procrastination when the items could have been secured through regular channels by prompt action.

B. A statement outlining in detail the circumstances necessitating the emergency purchase must be prepared on Standard Form No. 1036-Revised, Statement and Certificate of Award, and made a part of the voucher of the vendor. A copy of the statement should also be attached to the copy of the purchase order furnished to the Procurement Section, Administrative Services Division, Washington, D. C.

SECTION IX - REGISTER OF PURCHASE ORDERS

A. A register of purchase orders issued should be maintained, by vendors. This register should show the number and date of the order, description of material, quantity, cost, division and delivery point. Samples of the cards used by the Washington office and the former Agricultural Marketing Service are attached. A sufficient supply of either card is not available at this time for supplying the Regional Administrative Services Divisions. Information should be furnished as to which card is preferred.

SECTION X - PENDING PURCHASE ORDERS

A. The pending purchase orders should be kept in a separate file from the completed orders. These orders should be reviewed frequently, and in the case of an apparent delinquency in shipment or forwarding of receipted copies, notice should be forwarded to the vendor or consignee. It is important that receipted copies of purchase orders involving discounts be received promptly. Copies of the form letters used for these purposes by the Washington office are attached.

SECTION XI - CONTROVERSIES

A. Any controversial question with vendors concerning deliveries, failure to make deliveries, rejections, errors, etc., should be referred for advice to the Procurement Section, Administrative Services Division, Washington, D. C.

T. J. Wright

Attachments

Enclosures referred to herein are being furnished only to the Regional Administrative Services Divisions.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington, D. C.

June 8, 1943

ADMINISTRATIVE SERVICES DIVISION MEMORANDUM NO. 7
Supplement 3

To: Branch and Division Chiefs and Regional Administrators

From: F. J. Hughes, Chief, Administrative Services Division

Subject: Routing of requisitions for Supplies and Equipment

Several of the Regional Administrative Services Divisions have recently advised us that they are encountering difficulty in having officers in charge of field offices send their requisitions for supplies and equipment to the Regional Administrative Services Divisions rather than direct to their Washington Branch chiefs. We are also advised that there is still a considerable amount of purchasing being performed through station letters of authorization without reference to the Regional Administrative Services Divisions.

The situation has been discussed with officers in charge of field offices and they have stated that they have been operating on that procedure for several years and hesitate to make a change of procedure, also that since they are still operating, in some instances, under Washington Branch chiefs they feel they should be given a directive from their Washington Branch offices instructing them to direct their procurement activities through the Regional Administrative Services Divisions. Administrative Services Division Memorandum No. 7 and supplements thereto indicate the procedure to be followed by employees operating in the field in the procurement of supplies and equipment. Copies of this memorandum have been furnished to all field offices.

It is requested that if you have not already done so you advise your field offices that requisitions for supplies and equipment required in the operation of their offices should be placed with the Regional Administrative Services Division, which will either procure the items for the offices or authorize a local purchase by the officer in charge of the field office. In the event you have already advised your field offices to that effect, may I suggest that it might facilitate the operations of both regional offices and field offices if you would again call their attention to the procedure outlined in Administrative Services Division Memorandum No. 7.

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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

U. S. DEPARTMENT OF AGRICULTURE

September 22, 1943

ADMINISTRATIVE SERVICES DIVISION MEMORANDUM NO. 7
Supplement 5

TO: Branch and Division Chiefs and Regional Directors

FROM: F. J. Hughes, Chief, Administrative Services Division

SUBJECT: Procedure for Procurement of Supplies

SECTION I - PURCHASE ORDER FORMS

A. It was stated in Paragraph A under Section II of Administrative Services Division Memorandum No. 7, Supplement 1, that an effort was being made by a special committee of Government officials to devise and have placed in use a standard purchase order form by all Federal departments and agencies. A standardized format was authorized in Procurement Division Circular Letter No. 722, dated May 29, 1943, and approved by the Acting Secretary of the Treasury.

B. Separate forms based on the standardized format have been devised for use of the Washington office and the Regional offices and approved by the Director of Procurement. The purchase order forms will be identified as Form FDA-580 and Form FDA-580 (Field). These forms, which consist of six copies of varying colors each, are interleaved with one-time carbon and work on the snap-out principle. The various copies of each form and their intended use are as follows:

FORM NO.	COLOR	
FDA-580 (Field)	White	Original - Vendor's Copy
FDA-580a (Field)	Pink	Fiscal Copy
FDA-580b (Field)	Yellow	Procurement Section Copy
FDA-580c (Field)	Green	Receipt and Audit
FDA-580d (Field)	Salmon	Treasury Procurement Division Copy
FDA-580e (Field)	Blue	Requisitioner's or Consignee's Copy

(Form FDA-580, which is very similar in design to Form FDA-580 (Field), will not be covered in detail in this Supplement since it will be used only by the Washington office and will be processed through corresponding channels.)

1. Form FDA-580 (Field) will be forwarded to the vendor, together with copies of standard Form No. 1034-Revised, Public Voucher for Purchases and Services Other Than Personal, Government bill of lading (if required), and any samples.

2. Form FDA-580a (Field) will be forwarded to the Regional Fiscal Division for use of the Accounting Section.

3. Form FDA-580b (Field) will be retained in the files of the Procurement Section of the Regional Administrative Services Division.

4. Form FDA-580c (Field) will be forwarded to the consignee or requisitioning office. Upon delivery of the material or rendering of the service covered by the purchase order, the consignee will receipt the form and return it to the Regional Administrative Services Division. The Procurement Section of the Regional Administrative Services Division will, promptly upon its receipt, enter in the center block at the bottom of Form FDA-580b (Field) the date the material was delivered or the service was completed, the name of the person who signed the receipt, the date the receipt was received, and the date it was forwarded to the Regional Fiscal Division. The receipt will then be forwarded to, and retained by, the Regional Fiscal Division for use in auditing and certifying the voucher of the vendor for payment.

5. Form FDA-580d (Field) will be kept in a separate file and forwarded at the end of the month to the Procurement Section, Administrative Services Division, Washington, D. C., for review and transmittal to the Procurement Division, Treasury Department, as required by its regulations.

6. Form FDA-580e (Field) will be forwarded to, and retained in the files of, the consignee or requisitioning office.

C. Orders Issued by Washington Office Covering Field Purchases. Form FDA-580 (Field) will also be used for orders issued by the Washington office covering field purchases when funds have been encumbered and payment is to be made by the Regional Fiscal Division. The following procedure will apply with respect to such purchase orders.

1. Forms FDA-580a, c and e (Field) will be forwarded to the appropriate Regional Administrative Services Division.

2. The Regional Administrative Services Division will retain Form FDA-580e (Field) for its files and for establishing any necessary property records and transmit Form FDA-580a (Field) to the Regional Fiscal Division and Form FDA-580c (Field) to the consignee or requisitioning office.

3. The consignee or requisitioning office will receipt Form FDA-580c upon delivery of the material or rendering of the service covered by the purchase order and return it to the Regional Administrative Services Division. In such cases, the consignee or requisitioning

office will not receive a copy of the purchase order for its files. The consignee or requisitioning office should record on its file copy of the requisition such information as it desires from Form FDA-580c (Field).

4. The Regional Administrative Services Division will, upon receipt of Form FDA-580c (Field) from the consignee or requisitioning office, enter on Form FDA-580e (Field) the date the material was delivered or the service was completed, the name of the employee who signed the receipt, the date the receipt was received, and the date it was forwarded to the Regional Fiscal Division. The Form FDA-580c (Field) will then be forwarded to, and retained by, the Regional Fsical Division for use in auditing and making payment of the voucher of the vendor.

5. The above does not allow for a receipted copy of the purchase order to be returned to the Washington office. The Regional Administrative Services Division should therefore advise the Procurement Section, Administrative Services Division, in Washington of the completion of each such purchase order. A form letter may be devised for this purpose, which will supply the information stated in Paragraph C-4 of this Section.

SECTION II - REQUISITION

A. The requisitioning office will prepare an original and one copy of Form AD-14, retain the copy, and forward the original to the Regional Administrative Services Division. The number of copies indicated will apply only for requisitions requiring the issuance of a purchase order. As a general rule, this will be requisitions for furniture and equipment and any requisition for supplies which are not listed in the AMA stock catalog or the Central Supply Division stock catalog.

SECTION III - ENCUMBRANCE

A. The encumbrance on books of the Regional Fiscal Division will not be established from the requisition but from the prepared purchase order. The purchase should normally be dated the succeeding work day so as to allow time for establishment of the encumbrance and for the vendor's copy to be mailed on the same day it is dated.

B. Forms FDA-580a, b, and c (Field) of the purchase order will be forwarded to the Regional Fiscal Division for encumbering of funds. Form FDA-580a (Field) will be retained by the Regional Fiscal Division and Forms FDA-580b and c (Field) returned to the Regional Administrative Services Division stamped either encumbered or insufficient funds. Upon return of the latter two forms indicating encumbrance of funds, Form FDA-580 (Field) will be signed and mailed to the vendor and appropriate distribution made of the other copies of the purchase order. If sufficient funds are not available, the requisition shall be returned to the requisitioner with a statement to that effect, except in the case of trust funds when the req-

uisition will be forwarded to the Procurement Section, Administrative Services Division, in Washington.

SECTION IV - PREPARATION OF PURCHASE ORDER

A. The preparation of Form FDA-580 (Field) will be substantially the same as for Form SMA-1027, except for the following new points:

1. Method of Purchase. The method of purchase should be shown in the small square indicated by an arrow in the upper left-hand block. If the order covers an item under the General Schedule of Supplies, the figures "1" would be shown in the small square. Or the figure "6" would be shown for an open market purchase of $100 or less.

2. Point of Issue. The building or street address and the city and state of the Regional Administrative Services Division issuing the order should be shown in this block.

3. Appropriation Symbol and Title. The complete appropriation symbol number and the title should be shown.

4. Item No. This column is to be used for listing the General Schedule of Supplies item number. The "Tps." number should be shown in parenthesis immediately under the item number. In the case of open market purchases, the letters "O.M." would be shown in this column.

SECTION V - ROUTING OF PURCHASE ORDERS FOR PROPERTY ACCOUNTABILITY

A. With the reduction in the number of copies of the purchase order blank, the establishment of any property accountability records will not be done until after completion of delivery and return of the receipted copy of the purchase order to the Regional Administrative Services Division.

B. Form FDA-580b (Field), together with all other documents pertaining to the order properly attached, will be routed by the Purchase Unit to the Property Records Unit.

C. The Property Records Unit will indicate in the lower right-hand corner whether or not the order covers nonexpendable property, establish any necessary records, date and initial, and return the complete purchase order file to the Purchase Unit for filing.

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WAR FOOD ADMINISTRATION
Office of Distribution
Washington 25, D. C.

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November 13, 1944

ADMINISTRATIVE SERVICES DIVISION MEMORANDUM NO. 7

SUPPLEMENT 7

TO: Administrative Officers and Chiefs of Regional Administrative Services Divisions

FROM: F. J. Hughes, Chief, Administrative Services Division

SUBJECT: Procedure for Procurement of Supplies

SECTION I - ROUTING OF FIELD VOUCHERS

A. Effective immediately paragraph A-2 of SECTION VI, Method of Payment, of Administrative Services Division Memorandum No. 7, dated November 16, 1942, is amended to read as follows:

1. In open market purchases only, the vouchers should be prepared in quadruplicate- one white (original) and three memorandum (yellow) copies.

2. All copies of the voucher, or the certified invoice, should be promptly forwarded to the appropriate Regional Finance Office for processing and payment. In open market purchases only, the Regional Finance Offices will detach the third memorandum (yellow) copy of vouchers or the last copy of invoices and forward them to the Regional Administrative Services Divisions.

B. The Regional Administrative Services Divisions shall cooperate in every way possible, and arrange with the respective Regional Finance Offices to refer or to bring to their attention for appropriate action the following types of vouchers:

1. Those covering purchases of nonexpendable property.

2. Those covering excessive quantities or purchases of equipment for which authority has not been delegated.

3. Those involving modifications or corrections in contracts.

SECTION II - ROUTING OF PURCHASE ORDER VOUCHERS

A. Contractors and vendors should be advised to submit their vouchers, or certified invoices, and all inquiries or correspondence in connection therewith, to the Regional Finance Office by filling in the proper name and address in the lower left-hand corner of the original of the purchase order blank, Form FDA-580 (Field).